

FISCAL NOTE

Bill #: SB0440

Title: Require genetically engineered wheat seed to be sold with instructions

Primary Sponsor: Butcher, E

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Expenditures:		
General Fund	\$45,556	
State Special Revenue		\$55,093
Revenue:		
State Special Revenue		\$55,093
Net Impact on General Fund Balance:	(\$45,556)	\$0

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|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input checked="" type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. The Department of Agriculture would not collect revenue in FY 2004. Only two varieties of GMO wheat are known to be in the final stages of development, Round-up Ready Wheat and Fusarium-resistant Wheat. The department assumes that one manufacturer will receive USDA approval and release one variety for sale in Montana in FY 2005. In FY 2006 and beyond, additional manufacturers may release GMO varieties for sale in Montana.
2. In FY 2004, program start-up and subsequent program coordination will require 0.50 FTE program manager, grade 15, (\$21,875 salary and benefits) to write administrative rules, develop standard operating procedures for inspections and investigations, train staff, and coordinate program activities among department field offices. Additional administrative support duties such as filing, correspondence, word processing, and accounting will require the addition of 0.50 FTE grade 8 (\$13,088 salary and benefits)
3. In FY 2004 operations costs will include \$700 to publish rule notices, \$900 to contract for review of position descriptions, \$1,496 for contracted services for fixed costs for computer network charged by ITSD, printing, photocopies, \$1,196 for supplies and materials, \$2,065 for communications, \$2,433 for in-state travel to meet with industry while developing program rules, \$1,653 for rent, \$150 for repair and maintenance.

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4. In FY 2005 operations costs include \$1,496 for other contracted services, \$1,196 for supplies and materials, \$2,065 for communications, \$2,433 for in-state travel, \$1,653 for rent, \$150 for repair and maintenance, and \$200 for other costs.
5. The department anticipates additional field duties to inspect locations where GMO seeds are sold and labeled, and to investigate complaints of improper sales or failure to follow instructions. The department already inspects 90 seed dealers each year, and these inspections will be modified so that they include checking for GMO seed instructions and record keeping. The department assumes that approximately 20 complaints will be received yearly requiring investigation. Additional duties to conduct inspections and complaints will require the addition of 0.25 FTE in FY 2005, Grade 15 (\$10,937 salary and benefits).
6. The department assumes that the primary source of revenue will be the fees provided by Section 4 and civil penalties. It is not possible to accurately project revenue from civil penalties; however, the department assumes that 25 per cent of complaints would result in violations and an average civil penalty of \$500 would be assessed per violation resulting in deposits to the special revenue account totaling \$2,500 in FY 2005. Additional revenue would come from fees and, with the department's assumption that one manufacturer will release GMO wheat in FY 2005, a fee of about \$52,593 will be assessed to that manufacturer.

FISCAL IMPACT:

	FY 2004	FY 2005
Dept. of Agriculture (50)	<u>Difference</u>	<u>Difference</u>
FTE	1.00	1.25

Expenditures:

Personal Services	\$34,963	\$45,900
Operating Expenses	<u>10,593</u>	<u>9,193</u>
TOTAL	\$45,556	\$55,093

Funding of Expenditures:

General Fund (01)	\$45,556	0
State Special Revenue (02)	0	\$55,093

Revenues:

State Special Revenue (02)	0	\$55,093
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Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$45,556)	0
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LONG-RANGE IMPACTS:

1. The long-range impacts of this bill are difficult to predict since they depend upon the development and approval of GMO wheat varieties and the decisions by manufacturers to market their product. However, Montana's approximately 275 seed dealers and labelers will need to ensure that GMO seeds have instructions, that they maintain records of sales, and cooperate with department inspectors.

TECHNICAL NOTES:

1. The State of Montana and seed manufacturers may be exposed to liability as a result of cross-contamination because the grower is released from liability in Section 7 if all instructions provided with the wheat seed are followed.

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DEDICATION OF REVENUE:

- a) Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain). Yes, farmers and the wheat industry are protected from cross-contamination of grain while it is being grown, stored and marketed.
- b) What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund? Makes tracking the expenditures and revenue collected easier.
- c) Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? ☒ Yes ☐ No (if no, explain)
- d) Does the need for this state special revenue provision still exist? ☒ Yes ☐ No (Explain)
- e) Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain) No.
- f) Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain) Yes, contingent on passage & approval of SB 440.
- g) How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?) The Department uses the same methods of tracking and managing program expenditures whether the source of funding is general fund or special revenue. However, a special revenue account would allow the Department to fully evaluate expenditures in light of revenues and to implement timely changes necessary to ensure program is self-supporting.